

Talent Philanthropy: Investing in Nonprofit People to Advance Nonprofit Performance

Rusty Morgen Stahl, M.A., Talent Philanthropy Project and New York University

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Part I – The Nonprofit Talent Challenge

Framing the Issue

The workforce challenge facing the social sector has been characterized primarily as a leadership crisis or deficit (Tierney, 2006; Eisenberg 2004; Schwarz, 2003). The narrative is premised on the idea that baby boomer nonprofit executive directors would begin retiring at the traditional age. This has not come to pass. The story line also suggests that this exodus will leave too few people to fill the vacated slots. This framing conflates management and leadership into one challenge, ignoring the distinction between these ideas and making invisible the importance of nonexecutive roles. Moreover, it overlooks millions of promising nonprofit professionals already in the field and committed to lifelong service. This flawed crisis mentality has led to ill-informed interventions, including efforts to recruit business students to manage the nonprofit sector (Buchanan, 2013).

The true crisis is not a lack of bodies to fill nonprofit jobs; rather, it is the deficit of investment in current nonprofit people and the systems that support them (Kunreuther & Corvington, 2007). It is true that numerous foundations have proudly funded excellent fellowships and leadership-development initiatives over many years (McGonagill & Reinelt, 2011). I have personally benefitted from such generous support, both as a program participant and as staff at a leadership-develop-

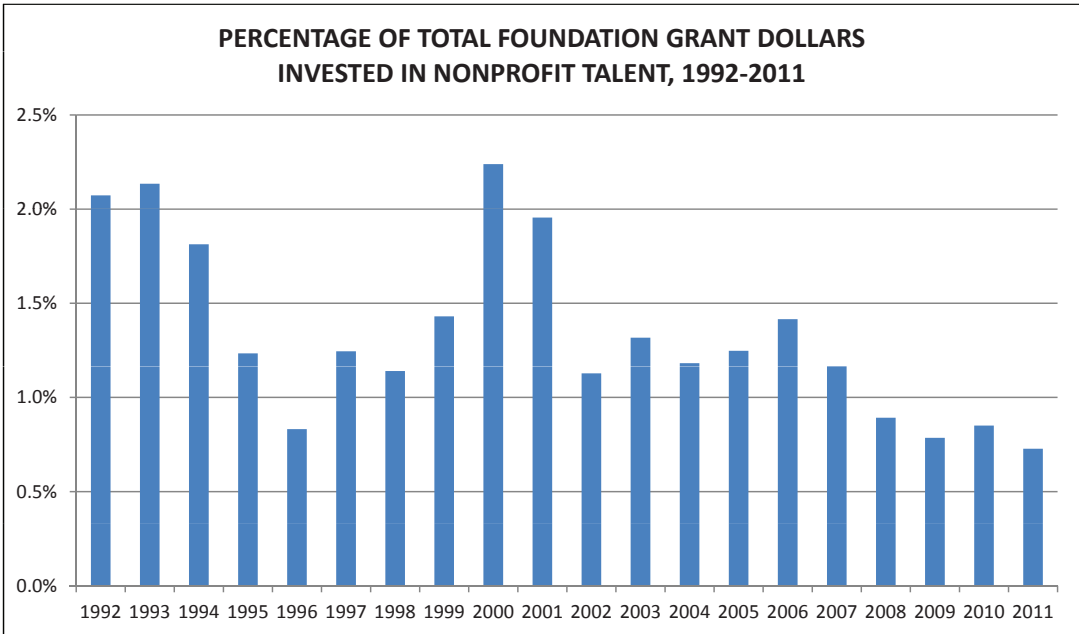
Key Points

- This article argues that people are the primary asset that drives performance in the social sector, but that despite their importance they are under-supported. Funders could make major strides in their own effectiveness and in the performance of their grantees by explicitly investing in grantee talent and talent-support systems. Such support could build a critical mass of diverse leadership in society and dramatically improve the ability of the social sector to advance social change.
- The first part of this article reframes the talent challenge facing the nonprofit sector, highlighting urgent issues and chronic structural flaws.
- The second part proposes the Talent Philanthropy Framework as a means to address this challenge.

ment organization. In recent years, the support of executive coaching, sabbatical opportunities, and executive-transition management have grown popular among some foundations. Yet, it has been unclear how many foundations support this work and how much philanthropic capital is routed to nonprofit talent efforts.

To investigate this question, I partnered with the experts at the Foundation Center's research department. We found that during 1992-2011, the annual average total support for nonprofit talent was 1.24 percent of grant dollars. In the last

FIGURE 1



Source: The Foundation Center, 2013. Based on all grants of \$10,000 or more awarded by a sample of approximately 1,000 larger foundations (including 800 of the 1,000 largest ranked by total giving). For community foundations, only discretionary grants are included. Grants to individuals are not included in the file. Copyright © 2013, The Foundation Center. All rights reserved.

decade, the percentage of this type of funding fell by half, from 1.4 percent to 0.8 percent of total grants each year. (See Figure 1.) A similar study by McKinsey & Co. found that only 1 percent of funding went to leadership development (Callanan, 2013).

While designing a proxy for talent grantmaking using the Foundation Center taxonomy, I discovered that the codes to describe support for grantee talent are nonexistent or, at the very least, challenging. For example, under the “type of support” category, the descriptive term that comes closest is “faculty/staff development.” This blurry phrasing presents a clear bias toward higher education and a lack of general focus in grantmaking on staff development at any type of grantee organization. This is not the fault of Foundation Center; it is an inherited mental model amongst many funders that does not encourage them to conceptualize grantee talent as an important

ingredient in the success of organizations and programs.

With this data as context, the next sections examine the talent investment crisis by describing the current and chronic landscape.

Urgent: The Current Talent Environment

Several trends in the nonprofit arena make it important to increase talent investment in this decade. These developments include generational and demographic change, a bottleneck in nonprofit careers, the war for talent, and the increasing rate at which talent moves in the nonprofit labor market. These issues have taken shape in the context of long-term divestment in nonprofit talent and chronically broken talent-support systems.

Massive demographic and generational change in the American workforce has been widely

documented and discussed (Halpern, 2006). The new majority will be people of color, not white people. The “greatest generation” is rapidly exiting the stage. Baby boomers are reaching the traditional retirement age. Generation X has reached mid-career. And “Millennials” – the largest and most diverse generation – are joining the labor market in trying economic times. These cohorts, shaped by dramatically different social, political, economic, and technological environments, bring significantly different expectations to social-change careers. The resulting lack of understanding and stereotyping can breed an environment where generational clashes become common within organizations (Lancaster & Stillman, 2003; Kunreuther, Rodriguez, & Klein, 2008).

Widely predicted baby boomer retirements in the nonprofit arena did not take place in the last decade. Kunreuther, Segal, and Clohesy (2012) find that 95 percent of long-term nonprofit leaders reject the traditional “golden years” vision of retirement. Nonprofit leaders are twice as likely to reject retirement than their peers in other sectors; they wish to continue working and they have serious concerns about the sustainability of the organizations they lead.

This countertrend has created what I call a bottleneck on the nonprofit career highway (Stahl, 2012). Boomers are solidly in their lanes, merely considering various exit ramps. Generation Xers are sitting in traffic behind them, seeking new routes. Millennials, meanwhile, are trying to join the roadway from the entrance ramps and gain speed.

The bottleneck comes just as the social sector must modernize to remain competitive. In 2001, McKinsey declared a war for talent, claiming that human capital is the most sought-after asset in a knowledge-based economy (Michaels, Handfield-Jones, & Axelrod, 2001). Despite the two recessions since, the competition for talent and the speed at which talent moves continue to increase. Organizations have become less committed to their people and jobs have become less stable; younger workers have responded with a diminished commitment to employers. The rise of so-

cial entrepreneurship sees more talented leaders launching new efforts rather than contributing to established institutions. As both government and business appeal to those seeking to make a social impact,¹ the war for nonprofit talent creeps across the public, private, and social sectors. The old frameworks for managing a stagnant talent pool no longer apply; today’s workforce is a rushing river that cannot be dammed; only directed. The nonprofit sector must go on the talent offensive or risk irrelevance (Capelli, 2000; Hoffman, Casnocha, & Yeh, 2013; Jones, 2013).

Chronically Weak Talent Systems

Like any highway congestion, individual drivers experience the bottleneck as a frustrating but temporary traffic jam in their own journeys; but the bottleneck itself happens repeatedly because of structural problems such as out-of-date lane capacity or poorly designed entry and exit ramps. That is to say, the personal and organizational experiences of the talent challenge are caused by systemic problems that persist within and across the sector, and are reinforced by the way nonprofit funding is structured. Given the limited and apparently dwindling levels of foundation funding for nonprofit talent infrastructure, it is not surprising that the social sector suffers from poor recruitment, retention, and retirement, which could in turn be causing serious damage to performance and sustainability. Let’s examine these three major areas of talent management.

Recruitment. The sector seems unable to make the public aware that it offers viable career opportunities (McDougle, 2009). At the stage in which most people conceptualize their professional purpose, nonprofit careers remain largely invisible (Cryer, 2003). The fact that unpaid internships remain the primary system for accessing nonprofit careers means that those who can afford to work without pay have an upper hand from the beginning. One can imagine that the awareness and access gap grows among non-college bound and other disconnected youth – the very young people whom many nonprofits seek to serve and might cultivate as future leaders. So millions of diverse Americans miss out on the chance to craft

¹ See ourpublicservice.org and netimpact.org

mission-driven careers because they are unaware of or unable to access the social sector. In turn our causes continue to miss opportunities to cultivate amazing potential talent.

Retention. With below-market salaries an accepted norm at nonprofits, professional development substitutes as a major opportunity to both enhance and recognize performance. Therefore, the dearth of training and education opportunities provided by many organizations is a major impediment to morale, productivity, and retention.

- Only 27 percent of surveyed social-justice organizations offer professional development budgets at the \$500-\$1,000 "high end" of the range (Clark, 2012).
- Only 37 percent of organizations hired new staff during 2012 to support the new program work they initiated — meaning that more than 60 percent of nonprofits are adding to the existing workload of staff (Nonprofit HR Solutions, 2013).
- A total of 55 percent of emerging nonprofit leaders believe they need to leave their organizations to advance their careers (Cornelius, Corvington, & Ruesga, 2008).

A recent study found that nearly 90 percent of nonprofit employees say they believe their organizations value diversity, but more than 70 percent say their employer does not do enough to create a diverse and inclusive environment. This is a significant perceived gap between stated values and actual practice. The paper concludes that organizations could benefit from engaging and supporting their diverse employees as they develop outreach efforts and attempt to create more diverse work environments (Schwartz, Weinberg, Hagenbuch, & Scott, 2012). We cannot successfully recruit diverse people if we do not create organizational cultures and growth opportunities that are apt to make those same people wish to stay.

Paul Light (2004) summarizes the retention matter succinctly: "The nonprofit sector survives because it has a self-exploiting workforce: Wind it

up and it will do more with less until it just runs out. But at some point, the spring must break" (p. 7).

Retirement. Nonprofit careers entail economic sacrifice beyond low salaries. Half of social-justice nonprofits do not offer retirement plans to their own employees (Clark, 2012), creating economic inequality in the very groups that fight for equality. Yet again, only certain tiers of people can or are willing to pay this price, restricting the diversity of the talent pool. Forty-five percent of nonprofit employees are not satisfied with their ability to prepare financially for retirement, and only one-third of social-sector professionals have received retirement planning advice (TIAA-CREF Institute & Independent Sector, 2012). Even before the Great Recession, it was difficult for nonprofit professionals to envision retirement.

Retirement is also challenging because of nonprofit leaders' intense moral and institutional commitments they make. There has been a lot of talk about boomers retiring from business and forming "encore careers" in nonprofits. Yet, until recently, there was no discussion of how to enable meaningful encore experiences for those departing from nonprofits (Kunreuther et al., 2012).

The executive transition process is fraught with emotional and organizational challenges (Adams, 2010). Because funders often build relationships with top-level executives, they may not trust the depth of talent on the team. If too many funders wait and see what happens, they can shake the financial viability of the entire operation. Such fears can lead to paralysis, wherein no future leadership is groomed, no transition process planned, and no funders are engaged in supporting the team and the organization. And these are not just issues for boomers: unless retirement systems are addressed, the bottleneck will reoccur for successive generations.

This discussion of recruitment, retention, and retirement indicates the weakness of human capital systems across the social sector. While these dilemmas are experienced as personal, the structural failures are a matter of policy and

resource allocation. Moreover, the data indicate that the challenges are chronic and can indelibly impact the performance of individual professionals, organizations, and investors.

Why Funders Don't Support Grantee Talent

There are probably numerous complex reasons that funders do not tend to support grantee talent. In speaking with colleagues, including those at foundations that have been the largest investors in leadership development over the last 20 years and are now moving away from such activities, I heard that the thinking may include the following: Funders...

- do not perceive a strong connection between personnel and performance.
- may believe that low overhead leads to high effectiveness.
- perceive that investing in leadership development is too “soft,” difficult to link to programmatic outcomes, or disconnected from their core mission.
- are not concerned with the real costs of running nonprofit programs and organizations.²
- prefer to act as a transactional “buyers” of grantee programs, rather than as “builders” of these institutions (Overholser, 2006).
- wish to invest in nonprofit leaders, but do not know the next steps or do not have the evidence to make the case internally.

Whatever the reasons may be, the longer funders wait to address this critical need head on, the further the sector falls into disrepair.

Addressing the Challenge

It is reasonable to ask what has been done recently to tackle the talent challenge. At the sector level, numerous reports have provided data and recommendations. Unfortunately many of these helpful ideas have either not been adopted or have not been implemented effectively in the field (Dobin & Tchume, 2011). A small number of funders, most notably American Express Philanthropy, the Annie E. Casey Foundation, and the Evelyn and Walter Haas, Jr. Fund, have proactively

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sought to address talent challenges in their grantees and in the sector as a whole.

Following a 2005 gathering convened by Shelly Cryer and the Rockefeller Brothers Fund's Pocantico Conference Center, a group of stakeholders from across the sector (myself included) formed the Nonprofit Sector Workforce Coalition. We held numerous meetings and proposed several interventions over a period of years, but were unable to gather adequate traction and eventually disbanded. The solutions this and other groups have proposed have often been deemed too expensive or were simply dwarfed by the scale of the challenge. Aside from the vastness of the problem, I posit that such efforts have not yielded the desired results for three important reasons:

- The flawed “leadership deficit” premise continues to dominate the discourse.
- Participants had to spend energy arguing for the legitimacy of the problem rather than developing viable solutions.
- It is extremely challenging to identify levers of change for this meta-issue from which many suffer but for which no one is entirely responsible.

Despite these obstacles, the work accomplished in the last decade has yielded important scholarship, ideas, and a network of champions for nonprofit

² See Donors Forum blog, *Real talk about real costs*, at www.donorsforum.typepad.com/realcosts

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leadership development. In particular, ideas produced by the Building Movement Project,³ Leadership Learning Community,⁴ and Grantmakers for Effective Organizations (GEO)⁵ offer crucial insights. Yet more work remains to be done.

Part II. The Opportunity

Defining Talent Philanthropy

Given these structural and resource challenges and the funding community's level of influence in the social sector, organized philanthropy needs a new way of seeing and behaving when it comes to supporting nonprofit human capital. Here I offer such a framework.

I define talent philanthropy as intentional philanthropic investment in grantee and nonprofit talent in order to increase performance and impact. The primary audience for this framework is foundation grantmakers, but it is also meant to be useful to individual donors; governments; corporations; capacity builders; and nonprofit boards, executives, and fundraisers.

The Talent Philanthropy Framework seeks to utilize the influence and financial resources of organized philanthropy to encourage and empower nonprofits to strengthen their talent and

talent support systems. Foundations have a huge stake in the leadership, effectiveness, capacity, outcomes, and sustainability of the organizations they support and are most appropriate to take a lead on these issues, given that government and individual donors are generally more interested in programmatic services.

Logic Model

My argument is simple: Grantmakers only perform as well as their grantees. Grantees only perform as well as their people. And a grantee's people perform only as well as the grantee's talent-support systems. Therefore, grantmaking foundations should invest in grantee-talent systems to maximize their performance.

There are intellectual antecedents to this framework. In a seminal report on investing in nonprofit leadership, GEO documents foundation executives discussing a "dawning realization of the importance of connecting leadership development and organizational performance" (Enright, 2006, p. 10). More recently, in a discussion of scaling, GEO states: "Whether the organization is expanding; replicating a program; or spreading an idea, innovation, new technology or public policy, inevitably the talent within and around the organization is the engine that drives it forward to achieve better and more results" (Major, Woodwell, & Shah, 2012).

Building on Enright, McGonagill and Reinelt (2011) write: "A rationale for investing in leadership development that is specific to foundations is that doing so can contribute to the effectiveness of programs to which the foundation is already committed" (p. 57).

Why the Phrase 'Talent'?

You may wonder why I've opted to use the word talent so prominently. Every relevant phrase has its own connotations:

- *Leadership* brings to mind executive positions and is often not inclusive of line and administrative staff. It carries old-fashioned notions of command and control. And it is often used in a way distinguished from management.

³ www.buildingmovement.org

⁴ www.leadershiplearning.org

⁵ www.geofunders.org

- *Human resources* connotes process, procedure, and bureaucracy.
- *Human capital* brings a business flourish but does not sit organically within nonprofit culture. In a sense, it seems to treat people as commodities.

Talent seems most egalitarian and inclusive of the full battery of stakeholders in social-sector organizations.

Talent Philanthropy is Distinct

You may also ask how talent philanthropy is different from capacity building or general operating support. I endorse general support and capacity building as extraordinarily important forms of grantmaking that ought to grow. And I believe that talent philanthropy is complementary, but distinct, in its purpose and approach.

I would argue that nonprofit talent is too important to be subsumed as part of a litany of bullet points under the heading of capacity building. People are the prerequisite for almost all forms of capacity.

General support dollars can be used on any organizational cost; often executives feel pressure to pour unrestricted funds into programs. When funders intentionally invest in talent, it incentivizes and empowers executives to support their people. Some executive directors feel they do not have the marginal funds to do so. Others fear that if they invest in the development of their staff, those individuals will simply leave once they are developed. This twisted logic is a negative loop that leads to a majority of nonprofit professionals feeling that their organizations do not invest in them. On the other hand, the act of providing talent funding sends a clear message that the funder and the executive value the people on the team, with a high likelihood of increasing morale, performance, and retention.

Having established talent philanthropy as distinct but complementary to capacity building and general support, I encourage funders to consider it as a tool that can be used in combination with other resources. For example, the Evelyn and Walter

Haas, Jr. Fund provides leadership-development grants in addition to general support to avoid the need for a false choice and to highlight the importance of talent.⁶ Both the Annie E. Casey and David and Lucile Packard foundations have grantmaking portfolios that offer talent support for existing grantees that are funded by their issue-focused portfolios.

Guiding Principles

To give depth and dimension to the Talent Philanthropy Framework, I propose the following guiding principles. These values ground the concept in the realities of our field. They will certainly need to be tested and improved upon.

1. Start with your goals and grantees. Every foundation has its own mission, sphere of influence, and core grantees. Talent philanthropy should bolster this essential work. It invites you to ask: How is the nonprofit talent challenge incarnate in our sphere of influence, program areas, and grantees? How could we ensure that our programs invest in the talent that is central to our work? Optimally, some funders will collaborate in their mutual areas of focus. Still others may opt to help build talent systems that may be utilized by the social sector as a whole. But funders will dip their toes in because it is useful in advancing their own performance and core work.

2. Focus on assets and opportunities. Utilize an asset-based discourse. Recognize and nurture a deep bench of talent, going beyond charismatic executives as the definition of leadership. Plumb the depths of talent assets; consider the roles of interns, junior staff, volunteers, consultants, advisors, the board, and others who compose teams. Build your grantees' talent-support systems so that your investments last beyond the current team, cultivate future leaders, and tap into the assets of staff alumni.

3. The era of overhead is over. The premise of talent as a primary asset for organizational success – which is accepted as common sense in much of the business world – is surprisingly foreign to the culture and practices of the funding community.

⁶ www.haasjr.org

Funders tend to consider grantee staff as part of “overhead” – a cost to be avoided as much as possible. Recently this concept has been challenged by prominent leaders through an online campaign to challenge “the overhead myth,” launched by Guidestar with Charity Navigator and BBB Wise Giving Alliance (Taylor, Harold, & Berger, 2013), a heavily circulated TED Talk (Palotta, 2013), and a large-scale event and blog from the Donors Forum.⁷

The overhead approach is harmful to the performance and impact of the very programs and organizations that funders seek to support, and it creates and maintains what has been aptly called the nonprofit starvation cycle (Goggins Gregory & Howard, 2009). Pointing to this negative loop, scholars Wing, Pollak, and Rooney (2004) ask frankly: “Why do funders who want grantee organizations to be successful fail to fund their administrative or infrastructure costs at levels that would permit them to be effective?” (p. 1x).

The culture among and within foundations actually makes it difficult to invest in talent. The funder culture includes practices related to capping and minimizing investments in grantee personnel, which leads to a dearth of resources available to nonprofits to competitively (or adequately) pay their people and provide education and training. The culture of sacrifice and scarcity widely shared among nonprofit boards and executives is informed by and informs this practice. Integrating the Talent Philanthropy Framework into the funding system would challenge these embedded ideas, and has the potential to end unhealthy cycles that plague our field.

4. Strengthen the talent-impact value chain. We must replace the overhead myth with an alternative logic model. Toward that end, I propose the Talent-Impact Value Chain. The concept, based on the business-oriented Value-Profit Chain (Carrig & Wright, 2006), is essentially that we can trace a link from increased investment in talent-support systems to increased excellence in performance and to increased excellence in social value and impact.

5. Invest in teams and systems. Supporting talent does not require individualist or elitist approaches. Go beyond the c-suite and high-performing individuals to invest in teams and those with real potential. To address structural problems, invest in structural solutions rather than or in addition to programmatic ones. That is, help to advance the personnel policies, practices, and platforms that support the current and future talent in an organization or network. Here is a hypothetical example of this distinction: A programmatic intervention would be to fund coaching for one high-powered executive director who indicates interest. A structural approach would be to enable a grantee organization to establish a coaching policy as a valuable professional-development resource available to all appropriate staff, and then provide partial funds for coaching services.

6. Advance values. Many foundations are making explicit their social-change values. For self-proclaimed social-justice funders, supporting grantee talent is a moral imperative and a matter of practicing what we preach. For example, when grantees advocate for economic fairness and living wages in communities, they are more apt to succeed if they offer a living wage to their own employees. This is far from the current situation.

7. Diversify talent. Many have made compelling arguments for diversity, inclusion, and equity within the philanthropic and nonprofit workforce, including D5⁸ and Rockefeller Philanthropy Advisors (Chao, Parshall, Adador, Shah, & Yañez, 2008). As chair of the Nonprofit Sector Workforce Coalition, Paul Schmitz of Public Allies made racial diversity a top priority. If advancing diversity in grantees is a priority, talent philanthropy provides an important means toward that end. Nonprofits with strong talent mindsets and support systems have a better chance of being competitive in the recruitment and retention of diverse staff and volunteers.

8. Benefit multiple winners. All the stakeholders of grantmaking should easily benefit from talent philanthropy:

⁷ www.donorsforum.typepad.com/realcosts

⁸ www.d5coalition.org

- Communities served by grantees receive better products delivered with better service.
- Nonprofits gain enhanced productivity, morale, and sustainability; increased satisfaction among end users; and all the benefits of better management and team dynamics.
- Professionals at nonprofits gain transferrable skills, increase their engagement and satisfaction at work, and develop a career trajectory that advances their personal purpose and sustainability.
- Foundations benefit from increasing grant and grantee performance and lengthen the longitudinal impact of grantmaking by ensuring that the individuals in whom they invest are able to build powerful social-change careers for the long haul.

9. *The talent lens.* Talent philanthropy offers a new perspective on organizational effectiveness. The entire picture changes – a new logic emerges and new questions and actions come to mind. McKinsey & Co. refers to this as a talent mindset (Michaels et al., 2001, p. 11); I call it a talent lens. It can be employed at all levels of a foundation, from board strategy development to grantmaking guidelines. It is also beneficial for nonprofit boards and staff to apply a talent lens as they consider strategy, fundraising, and program design.

10. *Invest in talent in your shop.* Foundations can turn the talent lens on themselves to lead by example and practice what they preach. Foundation employment tends to be more stable and lucrative than other nonprofit work. Yet many foundations are not particularly thoughtful in orienting, training, and educating their staff members, since grantmaking is not considered to be a career (Stahl, 2004). If foundations recognized the value they could derive from talent development internally, this should translate into increased talent investments for grantee organizations. The caveat is that foundations, privileged as they are, should not stop with themselves – they must use the talent lens internally and externally, with grantees remaining top priority.

Intervention Options

What are questions funders should consider when

There are intervention opportunities at multiple levels of the field, each with its own value proposition and limitations. These levels include individual leaders, organizations, networks (e.g., geographic communities, loose issue-based networks, affiliated organizations), and the social sector as a whole.

invoking talent philanthropy in their work? Most important, of course, is to ask your grantees what they want and need. Beyond that, I suggest the following choices may be useful in your work.

Career cycle. The career stages of our nonprofit colleagues influence how we define and respond to need. For example, when the issue of talent arises, funders often default to a focus on recruitment of emerging leaders. But retention and retirement are also critically important to the success of the recruitment process and to the needs of professionals once they are in the field. Funders should examine the state of the entire career cycle within their sphere of influence (Chandler, Russell, & Putnam-Walkerly, 2012).

Level of analysis. There are intervention opportunities at multiple levels of the field, each with its own value proposition and limitations. These levels include individual leaders, organizations, networks (e.g., geographic communities, loose issue-based networks, affiliated organizations), and the social sector as a whole. Others have written extensively on these levels as they relate to leadership-development programs (McGonagill & Reinelt, 2011).

Type of investment. Perhaps the most challenging set of choices is what type of intervention

to make. In her Developing Human Resources course at New York University, Erica Foldy (2013) offers three useful categories for nonprofit professional development: programmatic, managerial, and structural. Program interventions include courses, retreats, coaching, and workshops. Managerial options focus on how managers support their staff, including feedback, mentoring, performance review, and stretch assignments. The structural approach looks to personnel policies; benefits such as career pathways within institutions, sabbaticals, retirement plans, and flexible work structures; and professional-development budgets. The comfort zone for most funders is supporting programs. However, since the talent challenge is based on structural weakness, funders should consider structural interventions to address it appropriately.

Case Study: Supporting Sabbaticals

There is little data on the existence and results of talent investment in the nonprofit sector. This is true for the same reason that there is so little investment: It has not been a priority. It is also difficult to design or afford the longitudinal, scientifically valid research needed to prove causality and show long-term results (Hems, Wenzel, Salignac, & Newman, 2012). I do not believe such scientific proof is necessary in order to proceed. This dearth of scientific evidence is no excuse for funders to avoid investing in grantee talent. In fact, we can find or create more easily acquired data to understand the return on investment.

Toward that end, Emerging Practitioners in Philanthropy (EPIP), with support from W.K. Kellogg and Kresge foundations, commissioned eight case studies that explore funder investments in nonprofit talent (Russell, 2012).⁹ The stories show that talent interventions can both be affordable and transform all involved. Below I share findings from one study and related research.

The Durfee Foundation, a modest-sized family foundation, provides grants for leadership development to Los Angeles nonprofits. Its approach is based on founding donor Stanton Avery, a

businessman who recognized that his success stemmed from his team's performance (Stone, 2011, pp. 22, 32-35). President Carrie Avery and Executive Director Claire Peeps eloquently state the foundation's philosophy:

It is people, at the end of the day, who make change. Yes, it takes money and strategy, buildings, infrastructure, and political will. But it is leaders who take up a cause and stoke an ember into a blaze. We are committed to those who tend the flame. The Durfee Foundation is dedicated to the idea that individuals fuel the nonprofit sector. We believe they are our most valuable resource and that it is in our collective best interest that they be nurtured and sustained. (Focke, 2010, p. 7)

One of their funding areas is the Sabbatical Program. The foundation awards \$35,000 for each sabbatical fellow (normally an executive director) and provides bonus funds for the interim leader and money to seed a permanent professional development fund at the organization. The program guides recipients through planning, sabbatical, and reentry, and regularly convenes alumni to help them carry the torch for human resources.

A joint evaluation of sabbatical programs supported by Durfee and four other foundations shows significant qualitative and quantitative returns on investment:

- A total of 82 percent of participants show significant improvements in work-life balance and 68 percent report significantly better physical health after taking part in a sabbatical.
- A total of 85 percent of participants now share a greater amount of decision making with managers.
- About 83 percent felt that managers in their organizations had become more skilled in their positions.
- Approximately 77 percent of nonprofit staff who served as interim leaders for sabbatical recipients agree that managers are now better skilled and that there is more delegation.
- About 60 percent of awardees reported that their boards became more effective.
- Funders supporting sabbaticals gained deeper,

⁹ Full disclosure: I served as EPIP's executive director when this research was done.

TABLE 1 Selected Examples of Completed Tools

Career Cycle Stage	Questions on Grantee Talent Support Systems
Recruitment	Do they pay their interns a living wage? Do they have relationships with nearby campuses?
	Do they partner with other institutions or intermediaries to recruit at an economy of scale?
	How do they think about growing leadership internally?
Development and Retention	Do they have written plans for retention of staff?
	Is there a profession development line item in the budget? How is it allocated across the staff? Does it get used and how?
	Do they provide counseling or support in paying for school or managing debt?
	Do they add staffing capacity when establishing new programs, or does new work get added to existing personnel?
	Do they have sabbatical policies?
Retirement and Transition	Do they help staff plan for retirement? Are there retirement savings plans available to staff?
	Have the board and CEO discussed executive transition management? Do they have a board-approved emergency transition plan in writing? Are they actively cultivating possible successors or a deep bench of talent across the team?
	Do they have engagement strategies for retiring or retired staff to serve as mentors, advisors, or “emeritus” staff?

more trusting relationships with leaders of grantee organizations; accessed new insights into issues with which grantees grapple; and benefited from improved grantee governance, management, and performance (Linnell & Wolfred, 2010).

This case shows that affordable, intentional investments in individual leaders and their teams can have performance-enhancing effects all across organizations. It shows that the funders

themselves benefit in substantive ways. And it shows that thoughtful evaluation can capture meaningful data about the benefits of talent philanthropy.

Future Research and Practice

I do not wish to suggest that there is a specific model of talent philanthropy. Rather, like other frameworks, the talent lens enables funders to “see” new challenges and opportunities for action they may not have previously identified. Not

Use your knowledge of the mission, culture, and power structure of your institution; the internal relationships you have cultivated; and the findings you've gathered to propose modest, exploratory grantee-talent funding in your next budget cycle.

unlike the strategic and responsive philanthropy concepts, this framework may help its users create a limitless array of innovative, customized actions that are shaped by the local players, context, and incarnation of the talent challenge. Given that caveat, I recommend inexpensive exploratory steps that all funders can take to understand the prospective demand for and value of integrating talent philanthropy into their work.

- Educate yourself on the cost of running effective nonprofits and best practices in nonprofit human resources and talent development.
- Review key framing documents like your strategic plan and grantmaking guidelines using a talent lens. Are grantee talent and talent systems invisible in the language, assumptions, and grants budgets? What assumptions about nonprofit professionals and volunteers are embedded in these texts?
- Pull a list of important current and potential grantee organizations. Write down what you know about personnel issues taking place in these groups, and any ways your foundation has responded (or declined to respond) to these matters. Initiate conversations with three to five grantee leaders with whom you have established trust and communication. Listen actively. Be aware that emotional responses may arise in light of workload, transitions, or other challenges.
- Try to gain a baseline understanding of how

the leaders and their organization think about the development of talent (including, but not limited to, those with whom you speak) and the systems that support talent in their institutions. Explore both the urgent and longer-term talent needs they face.

- See Table 1 for sample questions you might use. Consider sharing this article or one of the citations to create shared language. Through these conversations and other due diligence, explore the de jure and de facto personnel policies and practices, and the talent-related needs and interests of the grantee subset. Investigate how the issues facing the organizations relate to wider workforce issues affecting the grantee's network or field of work. Juxtapose your findings with the assumptions and funding practices culled from your institution's framing documents. Are they in alignment? If not, what could you do in the short term to help grantees address their most pressing needs? In the long term, how could you shift your foundation's analysis and practice to better meet the talent needs of your grantees or the fields of work that are the focus of your work?
- Use your knowledge of the mission, culture, and power structure of your institution; the internal relationships you have cultivated; and the findings you've gathered to propose modest, exploratory grantee-talent funding in your next budget cycle (or to allocate remaining funds from the current fiscal year). Try to make at least three supplementary grants to current grantees, so that you will have a small batch of case studies. Ensure that the grant activities respond to real need, do not compete with other funding to those grantees from your foundation, and make at least an initial connection between investing in talent and enhanced performance. Without imposing daunting evaluation procedures or other work, try to document grant activities and results so you can share them at your foundation and the grantee can use them with other funders.

More research is needed on how investments in nonprofit talent contribute to individual, organizational, and network-level performance and results. This research should seek to understand

how participation in various leadership- and professional-development programs benefits the nonprofit workforce. Australian scholars are designing an interdisciplinary, longitudinal assessment tool to measure the results of professional development programs (Hems et al., 2012). U.S. researchers could follow their lead. But scholars should go beyond assessing programmatic interventions to examine interventions at the management and structural levels, and how funder behavior affects these nonprofit talent systems.

Conclusion

People are the most important asset driving performance, impact, innovation and sustainability in the social sector. Yet funders generally do not invest heavily in grantee and nonprofit talent. This has yielded chronically weak recruitment, retention, and retirement in the sector, and current trends are ratcheting up the urgency of the situation. Talent philanthropy – intentional philanthropic investment in grantee and nonprofit talent in order to increase performance and impact – offers a lens through which funders can address the nonprofit talent challenge and enhance the performance of their grantees and therefore improve their own performance.

A vibrant future for philanthropy and the social sector lies in grantmaking that intentionally invests in talent. Widespread adoption of talent philanthropy by the funding community could have a profoundly positive impact on lasting social change in the United States.

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Rusty Morgen Stahl, M.A., is director of Talent Philanthropy Project (talentphilanthropy.org) and a Visiting Fellow in Residence at the Research Center for Leadership in Action at New York University's Robert F. Wagner Graduate School of Public Service. Correspondence concerning this article should be addressed to Rusty Stahl, Wagner School, New York University, 295 Lafayette Street, Second Floor, New York, NY 10012-9604 (email: rustystahl@nyu.edu or via the web: www.rustystahl.com).